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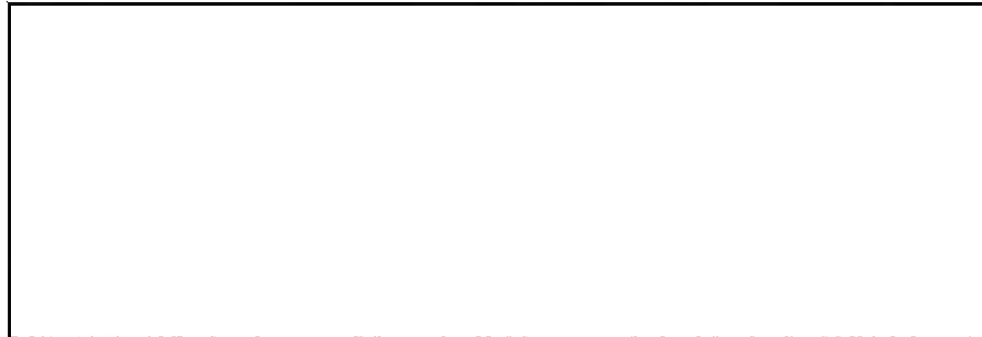
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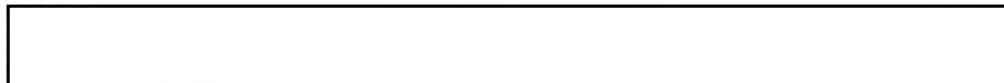
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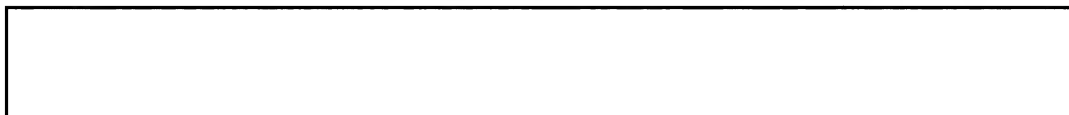
4. Morocco: Death of Mohamed V expected to worsen already unstable political situation; new King may face early challenge from left-wing nationalists. (*Page ii*)

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6. Italy: New long-term trade agreement with Moscow guarantees USSR 14 percent of Italian oil import market through 1965. (*Page iv*)

7. UAR-Lebanon: Nasir's propaganda attacks, aimed at bolstering Syrian-Egyptian unity, incense Lebanese Christians; new confessional strife may result. (*Page v*)



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***Morocco:** (Information available as of 0400 EST) The already unstable political situation in Morocco will probably worsen following the death yesterday of King Mohamed V and the assumption of power by his son, the 31-year-old crown

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prince, now King Hassan II. Mohamed V was the principal unifying force in the country, and Hassan's rule seems certain to be challenged shortly by the National Union of Popular Forces. This organization is a strong, left-wing nationalist group led by former premier Ibrahim and others who have little respect for Hassan and are predisposed to transforming Morocco into a republic. The clash of interests could easily lead to early widespread disorders. Some outbreaks are reported to have occurred in Casablanca yesterday, with one observer describing the demonstrators as anti-Hassan.

Hassan [redacted] probably will largely ignore the new cabinet appointed late yesterday. Most of the ministers are men who served in Mohamed V's cabinet; several of them have previously shown antagonism toward Hassan and served in the government only reluctantly while Hassan was deputy premier. The new King will rely principally on the 30,000-man armed forces, whose loyalty to him has yet to be tested.

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Under Hassan, Morocco's foreign policy probably will continue formally to be one of "non-alignment." It was Hassan, however, who solicited from the USSR the recent gift of Soviet jet aircraft and who, [redacted] initialed an agreement for Soviet economic aid during Soviet President Brezhnev's visit to Morocco in early February. It is likely that he will make further arrangements with the Sino-Soviet bloc. At the same time he may press for new concessions from the United States and France in connection with the air base rights granted in 1959 and 1960. [redacted]

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25X1 [] USSR-Italy: (The conclusion in Moscow on 24 February of the Soviet-Italian trade negotiations is a major achievement in the continuing Soviet effort to acquire advanced Western engineering products through long-term government-to-government agreements. The new arrangements guarantee the USSR at least 14 percent of the Italian petroleum import market through 1965--approximately the proportion Moscow will supply this year if deliveries are held to the scheduled 4,000,000 tons. The USSR will import large quantities of Italian chemical industry equipment, oil pipe and pipeline equipment, and other industrial goods, and has reportedly contracted for "not less")

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25X1 [redacted] than eight" 35,000-ton oil tankers to be built in Italian shipyards.
25X1 [redacted] total trade under the
new long-term agreement is scheduled to reach \$500,000,000
in 1965. more than double the 1960 level. [redacted]

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25X1 UAR-Lebanon: Nasir's reception in Syria during celebra-
tions of the third anniversary of the union between Egypt and
Syria has been the least enthusiastic he has yet received in
Damascus, partly because of Syrian opposition to exchange
control legislation which he recently imposed in the Syrian
region. In his speeches, Nasir has attempted to arrest flag-
ging Syrian support for the union by appealing again to the
masses through demagogic attacks on domestic and foreign
elements, including the United States for its role in the Congo
crisis. Prominent among his scapegoats have been two right-
ist parties in Lebanon, including the Christian Phalange party
and its leader, Pierre Gemayel. There is apprehension among
Lebanese Christians lest incidents which will probably result
from these attacks develop into an upsurge of serious confes-
sional strife. [redacted]

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Political Situation in Morocco:

The National Union of Popular Forces (UNFP) was created in 1959 after a schism in the nationalist Istiqlal party, the party which had led the Moroccan struggle for independence. The present leaders of the UNFP dominated the Ibrahim government which served from December 1958 to May 1960, although neither former premier Abdallah Ibrahim nor former deputy premier Abderrahim Bouabid formally aligned themselves with the organization while they were still in office. Technically administered by a collegium, the party is largely urban and composed of young intellectuals, students, youth, former resistance fighters under Mohamed el Basri, and the Moroccan Labor Union led by Mahjoub ben Seddik. During the local elections of last May, UNFP supporters polled more than 25 percent of the vote, gaining overwhelming majorities in the city councils of Casablanca and Rabat and many seats in all other cities. Since last May, the UNFP has concentrated on strengthening its organization, particularly seeking followers in the armed forces.

Although the UNFP was completely loyal to Mohamed V, many leaders were beginning to be critical of him for his failure to develop Morocco into a modern state and for his insistence on grooming as his successor his elder son, the present King Hassan, who is widely unpopular among all nationalists. Despite this personal loyalty to Mohamed, UNFP leaders refused to participate in his government last May both because they objected to the authority delegated to the Crown Prince as deputy premier and because the King disregarded their demands that a representative national assembly be elected to draft a constitution. They also refused to participate in the Constitutional Council named last September to draft a constitution, because they considered the council weighted in favor of the King's predilection for a strong monarchy, while they favored at most a limited monarchy responsible to the people. With the death of Mohamed V, the UNFP will probably work for the elimination of the monarchy and the institution of a republic.

Although UNFP leaders are strongly influenced by Marxism, they have been sharply critical of Hassan for accepting Soviet jet

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aircraft, and have stated they would oppose the presence of Soviet technicians in Morocco.

The remnants of the Istiqlal party, led by Allal el-Fassi and largely traditionalist and conservative in orientation, probably will also work toward the dissolution of the monarchy. It was the Istiqlal which created the image of Mohamed V as the national idol, but Istiqlal leaders were also becoming disillusioned with the King. Istiqlal still holds more posts in the government than any other political group and dominates the Constitutional Council. The party, however, is struggling to prevent losses both to the UNFP and to the Popular Movement.

The Popular Movement is a palace-sponsored, tribal-based, largely rural organization. Although it may provide some measure of reliable support for Hassan II, it lacks dynamic leadership. Nevertheless, the appointment by Minister of the Interior Mohamed Embarek el-Bekkai (who retains the same post in Hassan's cabinet and is believed to be a behind-the-scenes director of the party) of many members of the Popular Movement to high provincial posts has ensured that organization substantial influence at the local level.

The small, outlawed Moroccan Communist Party had, before its suppression last year, publicly supported Mohamed V and the monarchy. Because its leaders share the antipathy of most politicians for Hassan, it seems unlikely that the Communists will endorse the new King. The party has recently been working clandestinely to solidify its organization and was permitted, coincident with Soviet President Brezhnev's visit, to resume publication of its weekly newspaper.

While Crown Prince, Hassan II was restrained by his father from suppressing opposition elements. Recognizing the limited base of his support, he now may strike out against some of the more powerful opposition leaders in order to attempt to thwart a move against him.

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New Soviet-Italian Trade Agreements Concluded in Moscow

Soviet-Italian trade achieved only modest growth prior to 1959, when it amounted to a total of about \$120,000,000. Last year it rose to more than \$200,000,000 and the four-year target of \$512,000,000 set by a pact which expires this year probably will be exceeded by about 20 percent. To ensure continued expansion of this trade, as well as its coordination with the requirements of the Soviet Seven-Year Plan (1959-65), Moscow appears to have successfully consolidated several individual transactions into the framework of a single long-term agreement, one which includes guaranteed quotas for key commodities.

The new agreement includes the commodities covered by the special barter arrangement signed in Moscow last fall by Enrico Mattei, head of the Italian state fuels agency. In return for 12,000,000 tons of Soviet crude and fuel oil between 1960 and 1965, Mattei agreed to deliver steel pipeline, pipeline equipment, and synthetic rubber to the USSR.

[Under the new guaranteed market scheme, Soviet oil sales to Italy are to rise by only about 100,000 tons a year, reaching 4,500,000 tons a year by 1965.]

[It is likely, partly because of Italy's re-export role, that the scheduled amounts will be exceeded. Scheduled Soviet petroleum deliveries to Italy, [redacted] are probably understated considerably and omit at least the Soviet oil handled by the Italians for other Western importers. [redacted] total Soviet petroleum shipments to Italy last year included 3,600,000 tons of crude oil and 1,600,000 tons of petroleum products, accounting for some 25 to 30 percent of all Soviet oil exports to the free world. An unknown portion of the crude oil, however, is processed by Italian refineries and re-exported in accordance with Soviet trade arrangements with third countries.]

[The Italian decision to construct tankers for the USSR is an important gain for Moscow which last fall embarked on an extensive effort to build up a modern tanker fleet through the acquisition of large Western vessels. The USSR undertook negotiations with a number of nonbloc countries--particularly Japan,]

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[the Netherlands, and Italy--in which it sought to stimulate competition for the Soviet market. In November, Rome "temporarily suspended" action on a proposed sale of two large tankers to the Soviet Union pending a NATO-sponsored review of Soviet oil policies. The Italians warned, however, that they could not hold the line if other nonbloc countries, notably Japan, were to conclude shipbuilding contracts with Moscow. The USSR's purchase of several tankers from Japan and the Netherlands last fall probably was instrumental in prompting Italy's decision to include these vessels in the new agreement.]

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The UAR Anniversary Celebration in Syria

The crowds at the UAR anniversary parade and for Nasir's speeches in Damascus on 22 February were smaller and less demonstrative than in previous years despite perfect weather, the mobilization of all school children, and the importation of people by truck and bus. While the Moslem fast of Ramadan, television coverage of the parade, and the diminished novelty of Nasir's presence after six previous visits partially accounts for this, disillusionment with the regime is certainly another factor. Nasir antagonized the business community by his exchange control decree of 5 February and many businessmen were notably absent from the parade. According to the consulate general, a current joke has it that some Damascenes hung out black crepe on "Unity Day," and when accused of being unpatriotic, they protested that the crepe was for Lumumba.

Probably the most important reason for Nasir's visit to Syria is the high-level political dissatisfaction that has developed in the Northern Region, including wrangling within the Syrian Executive Council over the dictatorial behavior of the Council's president, Abd al-Hamid Sarraj. There have been reports that Nasir was going to remove Sarraj from direct control of affairs in Syria, possibly by transferring him to a position in Egypt. However, Nasir, in his first speech upon arriving at Latakia on 20 February, labeled such reports as "nonsense." Sarraj's firm control of the Syrian internal security apparatus is especially needed now when the exchange controls are being imposed.

Nasir has vigorously defended the exchange controls in his speeches and has attacked those who oppose them as "exploiting capitalists" whom he accuses of transferring their profits abroad. "Who of the people here transfers 1,000 liras abroad," he asked the crowd at Latakia. "Nobody," was his own answer. He also made reference to the Koranic injunction against usury.

There have been other Islamic overtones to Nasir's current visit and he has made no overtures to Syria's Christian minority, which is well-known to be largely unsympathetic to the regime. On the other hand he accused Lebanon's Phalange party, a Maronite

Christian organization, of instigating sectarianism to the detriment of Arab unity. He asserted that the UAR which out of courtesy to the Lebanese people had remained silent on the activities of "imperialist agents" in Lebanon, could no longer remain silent. "We have ways to stop elements which go too far," he threatened. In a previous speech he noted, "The Phalange party is represented in the Lebanese Government; we cannot forget or ignore this fact."

These attacks were in response to earlier criticisms of Nasir by Phalange leader and Lebanese Minister of Finance Pierre Gemayel as well as by the party's newspaper. Nasir implied that the Phalange is subservient to France and likened Gemayel's comments to those of the Israeli radio.

Following Nasir's first attack, Gemayel retorted that the UAR President apparently "is not looking for friends but for followers and agents." However, Moslem extremists in Lebanon, together with Druze leader Kemal Jumblatt, have sided with Nasir. As a result, an upsurge of Moslem-Christian tension has occurred which the embassy in Beirut fears may lead to violent incidents.

Nasir also has attacked as "fascist" the Social National party of Lebanon, an affiliate and remnant of the Syrian party which was purged in 1955 following the assassination of pro-Nasir Colonel Malki, who was slated to be chief of staff of the Syrian army. Some members of the party escaped to Lebanon. Nasir has revived this pre-UAR episode together with past allegations of United States complicity in the party's activities. In a speech on 24 February he stated flatly that the party "is financed by America to attack the UAR."

Nasir fixed "guilt" for Lumumba's murder primarily on Tshombé, secondarily on Kasavubu for delivering Lumumba to Tshombé, and on the United States for continuing to support Kasavubu despite his "guilt." He claimed the United States was equally guilty because its "agent," Kasavubu, has just contributed to the hanging of six of Lumumba's ministers.

Guatemalan Government Threatened

President Ydigoras, who has ruled in a relatively benevolent manner since his election in early 1958, has survived numerous efforts to unseat him that would have defeated a man less adroit in manipulating his enemies against one another.

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However, the constantly shifting political alignments offer him no real security, and the military remains the key to the survival of his administration, as it has of all previous Guatemalan governments.

In recent years, the Guatemalan armed forces have shown themselves notably responsive to what they interpret to be public opinion--which is often, in fact, merely the agitation of an irresponsible opposition and of the highly articulate and radically-inclined students. In view of the highly agitated state of "public opinion" at the moment, and the fact that numerous army officers may be reaching the climax of long-standing resentment over what they consider the President's favoritism toward certain "political" officers, Ydigoras may shortly be facing the gravest threat to his continuation in office.

Ydigoras in the past two weeks has strongly pressured a recalcitrant congress for passage of two laws, both of which have aroused stormy protests. Congress on 21 February passed a watered-down version of Ydigoras' proposed legislation to replace an expiring decree for controlling Communist activity. University students are in the forefront of a strong campaign protesting the law as an infringement of civil rights, and Communists and pro-Communists are actively encouraging them. Ydigoras' proposed income tax law now before congress has also aroused bitter protests from monied interests as well as from leftist groups who claim that the passage of the law would serve only to increase sources for government graft. Guatemala now has no personal income tax and the proposed legislation would tend to lessen the burden of indirect taxes on those least able to pay, but this argument is apparently obscured by the political agitation.

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